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Held at the Vienna International Centre, Vienna,
on Wednesday, 15 May 2002, at 2.30 p.m.

President: Mr. HORVÁTH (Hungary)

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The meeting was called to order at 2.50 p.m.

STATEMENT BY THE DEPUTY MINISTER OF TRADE AND INDUSTRY OF GHANA

1. **Mr. SADDIQUE** (Deputy Minister of Trade and Industry of Ghana) said that, with the process of reform largely completed, UNIDO was now well placed to assist developing countries, particularly in Africa, in achieving their aims of poverty reduction, economic growth, development and industrialization. His delegation welcomed the development of the Organization's global forum activities, and hoped that they would focus on the need for African countries to develop more effective capacities in business negotiations and acquire technologies that would enable their industries to produce high-quality goods and make them more competitive. Policy makers should be helped to choose the best possible industrialization policies and strategies and avoid duplication, especially in the area of research. He was confident that developing countries would thus be set firmly on the path to sustainable industrialization. The transformation of global forum activities into technical cooperation activities to benefit the least developed countries (LDCs) was most welcome. He trusted that, when research partnerships were forged, special attention would be paid to the enhancement of North-South cooperation, thus giving developing countries the opportunity to make their modest contributions to the UNIDO technical cooperation programme.

2. Industrialization had long been seen as the key to development and, if Africa wished to break out of the cycle of poverty, it should deepen its cooperation with UNIDO. In that context, his delegation strongly supported the establishment of the UNIDO-Africa Investment Promotion Agency (IPA) Network, which would greatly enhance the continent's efforts to eradicate poverty, achieve economic growth and attain sustainable development, as envisaged under the New Partnership for African Development (NEPAD). The Network could serve as a vehicle for addressing the disappointing industrial performance of sub-Saharan Africa and the continent's increasing marginalization with regard to global manufacturing.

3. The new initiatives taken recently as a result of the partnership forged between UNIDO and other international organizations would undoubtedly help developing countries break out of the cycle of poverty. His Government was determined to take advantage of Ghana's membership in UNIDO to work towards the attainment of sustainable economic development through private-sector-led economic activities, especially in the area of manufacturing. The first step had been taken in the form of the UNIDO integrated programme in Ghana, which had already yielded fruitful results.

4. His Government had taken a number of practical measures to encourage the private sector, including the establishment of the Export Development and Investment Fund, which sought to make available financial resources for the development and promotion of Ghana's export trade. The scheme was fully operational. Parliament had also passed legislation to create the Ghana Investment Fund, which would greatly relieve the private sector from the burden of lack of capital or high interest rates. Such schemes would provide additional financial resources for credible local investors who wished to expand their manufacturing activities in order to generate employment and raise the people's quality of life.

5. His delegation welcomed the improvement in the Organization's financial situation, which was due in part to the prudent measures taken by the Secretariat and in part to the increase in assessed contributions. Despite its financial constraints, his Government was making every effort to honour its financial obligations to UNIDO and urged other members, some of whom had unfortunately lost their voting rights, to take advantage of the measures recommended by the open-ended discussion group on timely payment of assessed contributions and agree on a payment plan with the Secretariat.

6. He expressed gratitude for the technical training offered by UNIDO, from which many Ghanaians had benefited. The continuation of such training would help the private sector, particularly the small and micro manufacturing sector, which would be the basis from which the country's industrialization would develop. Development could be imposed from above or evolve naturally, and the latter was preferable. He extended an invitation to the Director-General to come to Ghana and see the benefits already obtained from the Organization's activities.

ROUND TABLE ON INTEGRATED PROGRAMMES FOR SRI LANKA AND THE UNITED REPUBLIC OF TANZANIA

Sri Lanka

7. **Mr. PEIRIS** (Sri Lanka), presenting an overview of the impact of the UNIDO integrated programme in his country and the lessons that could be drawn for similar programmes in the future, said that the benefits were not confined to the recipient country but enabled UNIDO to develop its primary role of managing the globalization process in the interests of all the stakeholders. Dramatic and epoch-making events were taking place, epitomized by the recent International Conference on Financing for Development and the forthcoming World Summit on Sustainable Development, which should facilitate technical

exchange and lead to extensive tariff reform, certification procedures and the evolution of standards and criteria.

8. If a country was to achieve the maximum benefits from the Organization's global activities, it must set in place a series of complementarities and synergies. His Government had, in that context, introduced a range of innovative programmes aimed at energizing the private sector, which was the motor of commerce. A State also had the duty to modernize its macroeconomic system, particularly fiscal and monetary policy, reform its banking system and place at the disposal of the private sector the resources and facilities it required. A correlation between the work of UNIDO and a Government's policy was a prerequisite for success.

9. Sri Lanka's experience had led him to draw four conclusions. First, above and beyond any facilitating legislation, the overall environment in a country must be stable, in order to inspire investor confidence. His country had looked forward to a promising future when it had achieved its independence in 1948—it had, for example, had the highest per capita income in the region—but the promise had been blighted by the mismanagement of the ethnic crisis. Indeed, throughout the Indian subcontinent, the central dilemma was how to reconcile ethnic and cultural diversity with the concept of mature nationhood: how structures could be evolved whereby people speaking different languages, professing different religions and coming from totally disparate cultural backgrounds could feel at home in a given country without any perception of inferiority or exclusion. Sri Lanka had recently made a critical attempt to re-establish stability by renouncing war and violence as viable instruments for resolving its ethnic conflicts. In June 2002, it would be entering into direct negotiations with the insurgent group that had waged war for over a decade. A new confidence in the country had already been inspired and extensive entrepreneurial activity had been stimulated.

10. Secondly, full success for UNIDO integrated programmes could be achieved only with the involvement of civil society; non-governmental organizations, trade unions, universities and the private sector must play an active role in formulating national policies. Thirdly, government policies should show consistency and continuity over time: one obstacle preventing many countries from benefiting from UNIDO assistance was dramatic shifts in government policy, throwing up contradictions that shook investor confidence. Lastly, a programme's success depended on proper coordination and integration among different arms of government.

11. **Mr. GOONITILAKE** (Sri Lanka) said that the integrated programme, which had been formally launched in September 1999, had had a marked impact on the country's industrial development. Illustrating his presentation with slides showing past performance, he said that the strengths of the industrial sector were economic stability, high skills, private sector growth and good social indicators, whereas the problems included the limited domestic market, limited technology, the slow emergence from import substitution, inadequate infrastructure, poor management skills and the long-standing ethnic conflict. Threats to the sector included globalization, the Indo-Lanka Free Trade Agreement, the abolition of the Multifibre Arrangement, the lack of backward integration in the apparel industry and competition from abroad. There were also opportunities for the sector, however, such as know-how in the area of apparel, the rubber and ceramic markets and agro-processing. Sri Lanka also represented a priority for many donor countries.

12. Great strides towards sustainable industrial development had been made by the programme, with the introduction of tannery effluent plants, financed with US$ 1 million from the Norwegian Agency for Development Cooperation (NORAD); a link-up with the Japan International Cooperation Agency (JICA) Master Plan, worth US$ 1,108,000; the National Cleaner Production Centre (with US$ 1,263,000 from NORAD); quality metrology standards (US$ 450,000 from UNIDO and US$ 1.8 million from NORAD); the development of the leather industry (US$ 35,000 from the United Nations Development Programme (UNDP) and US$ 4,700,000 from the Government); support for microenterprises and small and medium enterprises (SMEs) (US$ 300,000 from UNIDO, US$ 88,000 from UNDP and US$ 2.2 million from the Government); the establishment of the governance support network (US$ 332,000 from the Government); environmentally sound technologies (US$ 880,000 from the Government); the Subcontracting and Partnership Exchange (US$ 200,000 from UNIDO); support for the apparel sector (US$ 1.9 million) from the Government and US$ 115,000 from UNIDO); and investment and technology promotion (US$ 100,000 from UNIDO).

13. The JICA Master Plan was funding aspects of the country's Industrial Development Master Plan, such as: studies of the apparel and leather sectors; the restructuring of the Ministry of Industrial Development to make it more responsive to the private sector; capacity-building in the same Ministry; and the benchmarking of the country's performance against international competition. The Government had contributed US$ 800,000 and UNIDO US$ 100,000 (covering technical assistance) to improving the competitiveness of the apparel sector. Additional funding was, however, required. A third component was the control of pollution from tanneries, for which an ingenious solution had been found: the Government had provided a greenfield site, together with the necessary

infrastructure, to concentrate all the country's tanneries in one place. Funding had been provided by NORAD and technical assistance by UNIDO. The site would eventually be taken over and run by the Sri Lanka Tanneries Association.

14. Another requirement for a country wishing to make a success of globalization was proper levels of quality, standardization and metrology, the absence of which amounted to the so-called "technical barriers to trade". The integrated programme had made possible the accreditation of four chemical and microbiology laboratories, with textile and rubber laboratories still awaiting accreditation. A new metrology laboratory had been developed and an ISO 14000 scheme launched. Lastly, the Industrial Subcontracting and Partnership Exchange had already logged successes in a short space of time.

15. A number of lessons could be drawn from the impact of the programme in Sri Lanka. First, while the programme itself was owned by the Ministry of Industrial Development, it was run by a national project director from the private sector. The Government had shown full commitment, both by providing funds and by organizing two donor conferences, as a result of which US$ 6.3 million—almost half the target—had been mobilized. That showed that, given commitment and efficient programmes, funding could be attracted. Secondly, the programme had addressed key industrial development constraints. Thus, for example, the development of internationally recognized laboratories had enabled Sri Lanka to export its products. Thirdly, the integrated approach—recognizing relationships between the leather and apparel sectors, small and medium enterprises, investment, the environment and technical barriers to trade—had been most beneficial. Fourthly, by contrast with the stand-alone projects of the past, the developments he had described would have a lasting impact. Lastly, the teamwork deployed in implementing the programme had been crucial.

United Republic of Tanzania

16. **Mr. UGBOR** (UNIDO Representative in the United Republic of Tanzania) said that the experience of Sri Lanka had much in common with that of Tanzania, where, following his visit in August 1998, the Director-General had sent nine staff members who had held in-depth discussions with representatives of the public and private sectors and agencies of the United Nations system to evaluate the problems and determine what UNIDO could contribute. The outcome had been an integrated programme comprising six components, aimed at supporting an industrial policy that had been in place since 1996 but was not being implemented. One component had therefore been to build the capacity to implement the policy. Another had been the development of small and medium enterprises, a sector in which there had previously been no coordination between the agencies of the United Nations system, the Government and the various sectors of industry. The third component, on investment and technology promotion, provided support at the policy, institutional and enterprise levels. The fourth promoted productivity and competitiveness in the priority sectors of leather, textile and food—particularly fish, building on an earlier programme that had trained women entrepreneurs in food processing. The fifth had been the environment, mainly recycling of waste paper and plastics, while the sixth was the development of the private sector.

17. In the middle of the year 2000, after the programme had been in operation for over a year, it had been decided that its focus should be narrowed to the theme of investment, while ensuring that the other components continued to play a supporting role and remained relevant to each other.

18. Funding for the programme was to have amounted to US$ 7.3 million, but so far only US$ 4.1 million had been received, from the Governments of Austria, the Czech Republic, Denmark, Norway, Japan and the United Kingdom, from UNDP and from UNIDO itself. The shortfall had been largely due to the impossibility of finding funding for the Zanzibar programme owing to the political situation on the island.

19. Phase I of the programme had ended in January 2002, following the Director-General's visit to review its performance. It had been agreed that the focus should be redirected. Phase I had, however, made a considerable impact. For example, the export to the European Union of Nile perch, which earned the country US$ 140 million a year on average, had been banned because of some of the practices employed in the processing plants. The effect of the ban had been disastrous for the town at the centre of the industry, on which at least two million people depended. Once those involved—shop-floor workers, managers and even owners—had received instruction on the regulations that had to be met and the practices that should be changed, the European Union inspectors had expressed themselves satisfied that genuine efforts had been made and the ban had been lifted. The town had been transformed. Another success had been the establishment of the renewed Tanzania Investment Centre, from which had been born the Investment Steering Committee, a remarkable institution in which some eight ministers, the Governor of the Central Bank and others met to discuss multisectoral projects, taking into account the implications for the environment, for example, or the road network. The Committee had also facilitated the search for appropriate investment projects, in the course of which 500 companies had been visited, 120 profiles had been written, 45 companies

were being promoted and, so far, 10 partnership agreements had been concluded.

20. It had also become clear that the public sector, which had dominated the economy during the country's socialist period, would benefit from a dialogue with the private sector. To that end, the Tanzania National Business Council had been set up, with the President in the Chair. The atmosphere was open and members were encouraged to raise issues of concern.

21. The programme's milestones, if not yet outright achievements, included improved integration, resulting in more efficient implementation of the various components. The team leader kept the rest of the team constantly informed. At the country level, UNIDO participated actively in system-wide activities, including preparation of the United Nations Development Assistance Framework (UNDAF). Although Tanzania was not in the pilot phase for UNDAF, the United Nations Country Management Team had decided to elaborate one. The team was invited to make a presentation to the Special Segment of the Economic and Social Council in July 2001. In addition to the UNDAF overriding goal of poverty alleviation, one major strategic objective relating to agriculture and sustainable livelihood was at the heart of the UNIDO integrated programme. The team had also worked with UNDP and the International Labour Organization (ILO).

22. Other milestones included: a study carried out by the team, with the help of various other bodies, on Tanzania's competitiveness, with particular emphasis on areas with potential for growth; a study concerned with the revitalization of the leather industry; a fish code of conduct, a manual for fish inspectors, which had been issued and was widely used; and a study of waste management, with the focus on recycling.

23. Some progress had been achieved with capacity-building. The Ministry of Industry and Trade had been the main beneficiary in the small and medium-sized enterprise sector, instruction had been given to entrepreneurs, especially women, in food processing; and various occupational associations, such as the Leather Association of Tanzania, had been set up.

24. **Mr. PRUIM** (Team Leader, Integrated Programme for the United Republic of Tanzania) said that he wished to draw attention to lessons that had been learned from mistakes made during the initial stages of the programme or from problems arising out of weak design. The first problem had been that funding had been limited; the team had, perhaps over-idealistically, expected donors to come forward of their own accord. The fact that different components of the programme had been financed at different times—and thus insufficiently financed—had led to a loss of synergy and potential integration. Moreover, bilateral programmes that built on features of the integrated programme had not, however commendable in themselves, taken sufficient account of the integrated programme. Thus the United Kingdom had, after long hesitation, bilaterally provided funds for the Tanzania Investment Centre, but the lack of integration with the integrated programme had led to a reduction of efficiency. A similar problem had been encountered with funds provided for another project by the Danish Government.

25. Another lesson that had been learned was that a donor country interested in financing a certain project required proposals containing a clear description of objectives, activities and budgets. Too often, in the case of the Tanzania programme, such proposals could not be readily detached from the programme as a whole. Integration was easier at the formulation stage than at the implementation stage. Similarly, non-programmable donor funds earmarked for specific activities should be built in at the design phase. Future programmes would also be improved if a study on baseline indicators were included; otherwise, it was difficult to establish what the situation in a given area had been some years previously. Governments should actively promote the programme, ensuring that donor countries were kept informed. All too often donor country embassies discovered too late that their bilateral programme would have complemented the integrated programme. In Tanzania, the relevant embassies would, in future, be kept informed.

26. A further lesson learned was that the authority of team leaders ought to be increased, giving them a greater degree of flexibility. Thus, for example, they should be able to move funds from one activity to another, as circumstances required, on their own initiative. A publication was being prepared on the experience in Tanzania and Uganda containing lessons for future programmes.

27. Phase II of the programme was just starting and care would be taken to avoid the repetition of certain mistakes. The Government's priorities had been assessed and basic problems identified. Discussions had taken place with both the stakeholders and with the Government in order to use potential synergies. It had also been decided to focus on one core component, which would be complemented by the other components. Programmable funds should be used to develop donor financing. In the past, available resources had immediately been put into useful projects, whereas they could have been used as leverage to increase donor funding. Moreover, the specific interests of donors should be harnessed to specific components. Phase I should also be evaluated to support the design of phase II. Efforts would be made to improve the integration of the programme with regional programmes

run by the East African Community, for example, or the Southern African Development Community. A baseline study would also be made so that the programme's impact could be analysed at a later stage.

28. In the case of Tanzania, it had been decided that the core component under phase II would be capacity-building for agricultural small and medium enterprises, with the focus on post-harvest activities. The other components—policy and entrepreneurial support, business partnerships and financing, quality, standardization and metrology, and energy and environment—would play a supporting role.

29. **Mr. NGASONGWA** (Deputy Minister of Industry and Trade, United Republic of Tanzania) reiterated the importance of learning from the experiences of the integrated programme. He also wished to pay tribute to the crucial role played by UNIDO in a number of areas. The intermediary role it had played in establishing the public-private sector dialogue had been invaluable, particularly in its assistance with the establishment of the National Business Council and of the Private Sector Foundation, which was chaired by an extremely eminent representative of the industrial sector. Another useful body that had been established was the Investment Steering Committee, of which the Prime Minister was Chairman and several senior cabinet ministers were members. UNIDO had also been of great help with facilitating integrated counterpart support: the Ministerial Steering Committee, chaired by himself, had three senior cabinet ministers as members, one of whom was the President's own Minister of State, in charge of overseeing regional activities.

30. He also commended the Organization's help in establishing the resumption of international trade, particularly in the case of Nile perch exports to the European Union, which would have taken much longer without the intervention of UNIDO. The Organization's contribution to the development of the SME policy, which had brought together all the stakeholders in the national economy, had also been important, as had its support for the Tanzania Investment Centre, which had, until the intercession of UNIDO, been out of favour with the donor community.

31. The help given to his ministry with the studies of competitiveness, industrial products, the SME policy, the leather strategy and, above all, investment regulations had been most useful. With regard to the latter, the UNIDO team had successfully resolved the conflicting interests of the tax authorities—whose task was to ensure that revenue came into the government coffers—and the Tanzania Investment Centre, which provided incentives by exempting some investors from some taxes. New investment regulations would shortly be in place.

32. He also drew attention to UNIDO support in the areas of: quality, standards and metrology; the training of women entrepreneurs (a particularly important feature of the programme, since any effort to overcome poverty, in his country and in other developing countries, must involve women); and the information technology programme, through which UNIDO had contributed to the fulfilment of the objectives of the United Nations Millennium Declaration.

33. Without income generation, poverty alleviation would not be possible. It was therefore important to expand the productive sectors of the country's economy. He expressed appreciation for the Organization's help in obtaining assistance from the development partners. In that context, he fully recognized the importance of regular consultations with donor countries, as mentioned by the previous speakers.

ORGANIZATION OF WORK

34. **The PRESIDENT** said that the Bureau had decided to recommend that the Board should follow its previous practice and hold informal in-session consultations to facilitate the drafting of consensus decisions. The Bureau had also recommended that Mr. Yukio Takasu (Japan), in his capacity as Vice-President, should chair the consultation meetings. The Bureau had agreed that draft decisions on items that had not yet been discussed in the plenary could be dealt with in the informal consultations, on the understanding that any item could, if necessary, be taken up again in the plenary.

35. *It was so decided.*

ANNUAL REPORT OF THE DIRECTOR-GENERAL ON THE ACTIVITIES OF THE ORGANIZATION IN 2001 (*continued*) (IDB.25/2 and Add.1; IDB.25/CRP.7)

36. **Mr. MARQUEZ MARIN** (Venezuela), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that GRULAC attached priority importance to UNIDO's technical cooperation programmes in the developing countries, in particular to its integrated programmes, which helped to strengthen productive capacity, promote industrial development and encourage technology transfer. The success of the integrated programmes depended on the availability of financial resources from voluntary contributions, without which all efforts would be in vain. He therefore urged potential donors to contribute to the execution of technical cooperation projects.

37. He commended the activities that UNIDO was carrying out in Latin America and the Caribbean. Progress in the implementation of integrated programmes and programme strategies was of great

importance for the countries of the region, and he drew attention to the recent approval of technical cooperation programmes in Ecuador and Peru. UNIDO should continue its activities with countries of the region, whose integrated programmes were at different stages of execution.

38. South-South cooperation should be encouraged. The promotion of horizontal cooperation would enable the developing countries to make use of their comparative advantages for their own benefit and would increase global interaction.

39. He commended the Organization's efforts to focus its activities on areas in which it had demonstrated its comparative advantages within the United Nations system. Those areas included biotechnology, technology foresight, agro-industry and participation in the execution of programmes under the Global Environment Facility (GEF), the Montreal Protocol on Substances that Deplete the Ozone Layer and the Kyoto Protocol. Those activities would result in broader and better technical cooperation programmes.

40. GRULAC supported the Secretariat's plan to convene a global meeting on biotechnology with a view to promoting dialogue and cooperation between the technologically advanced countries and developing countries. It welcomed the offer of the Government of Chile to host the event, which was to take place in Concepción in September 2003. It also attached particular importance to the promotion of technology transfer and technology foresight activities, particularly in the areas of agro-industrial technologies and biotechnology.

41. He commended the Organization's participation in the International Conference on Financing for Development, at which UNIDO had put forward a number of ideas that were of interest to Latin American and Caribbean countries. GRULAC was pleased that the Organization would take part in the World Summit on Social Development, which would be held in Johannesburg in August 2002, and it was confident that UNIDO would strengthen its role as an international agency in the field of sustainable development.

42. The Investment and Technology Promotion Offices (ITPOs) should promote technological development by strengthening countries' capacities to attract investment for industrial projects. Such Offices could assist Latin American and Caribbean countries in acquiring new technologies and establishing sustainable mechanisms for promoting business alliances. GRULAC supported the proposed guidelines for the functioning of ITPOs (IDB.25/4, para. 7).

43. **Mr. HASSAN** (Sudan), speaking on behalf of the African Group, said that global forum activities must in all cases be linked to technical cooperation, in the interests of better utilization of the Organization's limited resources. The African Group supported UNIDO's efforts to enhance its cooperation with other international entities dealing with developmental issues. The Organization should focus its activities on areas in which it had a comparative advantage, including the development of small and medium enterprises, women's entrepreneurship, investment and technology promotion, agro-industries, leather industries, waste management and environmental issues. Investment promotion and institutional capacity-building were vital to efforts to fight poverty and marginalization, and UNIDO should endeavour to achieve an equitable regional balance with respect to those activities. With regard to sectoral support and environmental sustainability, the Group noted with interest UNIDO's efforts to upgrade technical skills in agro-industries, environment policies, cleaner production, pollution control and waste management. The Secretariat should take into account the Organization's capacity to implement GEF activities, it being a designated executing agency for the Facility.

44. In accordance with the 1997 Business Plan on the Future Role and Functions of UNIDO and the priority status accorded to Africa and the LDCs in UNIDO activities, the Organization should play an important role in the renewed efforts of the African countries and the international community to place Africa on the path of sustainable development.

45. While UNIDO's integrated approach was a valid strategy that contributed to the industrial development of beneficiary countries, the implementation of that approach had been uneven from country to country, particularly owing to fund mobilization constraints. Fund mobilization for the integrated programmes should be improved through the joint efforts of UNIDO and the programme owners and, eventually, through changes in the current concept of earmarked funds. The Director-General should pay particular attention to follow-up and make critical assessments of the integrated programmes in consultation with the owner countries.

46. The African Group supported UNIDO initiatives on regional development issues. The recent establishment of the Investment Promotion Agency Network could help to improve the performance of UNIDO programmes. The investment promotion programme should be expanded to include more countries of the African region. The Group was satisfied with the agreement concluded between UNIDO and the West African Economic and Monetary Union (WAEMU), and supported the development of cooperation mechanisms between UNIDO and other African regional and subregional organizations.

47. The African Group had been informed that, in the first four months of 2002, an amount of about US$ 38 million had been spent on technical cooperation. Of that amount, US$ 31 million had been spent on GEF, the Montreal Protocol and other regional programmes. Only US$ 7.2 million had been allocated to the integrated programmes; that amount was far too low. An amount of US$ 12 million, evenly apportioned between 2002 and 2003, had been approved for the Second Industrial Development Decade for Africa. The Secretariat should provide the Group with information regarding the use of the US$ 6 million approved for 2002. Any delay in funding the ongoing integrated programmes in Africa would be detrimental to their implementation and expected results.

48. **Mr. EL ATAWI** (Egypt) said that the ninth session of the General Conference had enabled UNIDO to undertake new activities that were more responsive to the needs of Member States. Egypt had been implementing a comprehensive development strategy that focused on the modernization of its industrial base. The implementation of that strategy required close cooperation with UNIDO, which had the necessary experience and capacities in that area. Egypt was making every effort to mobilize adequate financial resources to ensure the success of the technical cooperation programme agreed on with the Organization in 2000. The Secretariat and Member States should support Egypt's efforts in that regard and contribute to the implementation of the programme.

49. Adequate financial resources would enable the Organization to carry out its activities more effectively, and all parties concerned should honour their financial obligations to the Organization. At the same time, every effort should be made to mobilize financial resources from all sources to finance UNIDO technical cooperation programmes in the developing countries. The low level of voluntary contributions and the continued low rate of regular budget allocations for technical cooperation activities was a source of concern to the developing countries. The operational budget was inadequate to finance the Organization's activities. Member States should consider undertaking a review of the rules governing the financing of technical cooperation activities; it was strange that such activities should receive such a modest share of the regular budget. The imbalance existing in the apportionment of resources between administrative costs and technical cooperation activities should be corrected, and technical cooperation activities given the priority that they deserved.

50. His delegation fully supported UNIDO's field activities, which were the major channel through which the Organization could achieve its objectives, especially in developing countries. He wished to pay tribute to the excellent performance of the Organization's programme for the Arab countries, and welcomed UNIDO's field representation in the Arab region. The Government of Egypt was making every effort to support and cooperate with the UNIDO Regional Office in Cairo.

51. **Mr. TAKASU** (Japan) said that the Annual Report 2001 contained encouraging signs of the Organization's stability. Technical cooperation delivery had risen to about US$ 85 million, and UNIDO's delivery capacity had improved. Moreover, in 2001 the collection rate of assessed contributions had increased to more than 90 per cent. That demonstrated that UNIDO was making efforts to regain the confidence of Member States. Such positive trends reflected Member States' appreciation of the financial and administrative reforms that had been carried out over the past four years. His delegation wished to reiterate that management reform should be a continuous process and should have the objective of improving the Organization's productivity, and hoped that further efforts would be made to strengthen the system of responsibility and accountability in the Secretariat.

52. Reform was only a step towards achieving the Organization's objectives, and the value of UNIDO should be judged by its ability to achieve tangible results in its substantive programmes. UNIDO was becoming a more focused and effective organization with a track record of concrete results. It should gain better recognition in the international community and become a truly universal organization. In order to achieve that goal, UNIDO must concentrate more closely on a number of areas covered by the Business Plan and the medium-term programme framework, 2002-2005. Japan would make every effort to cooperate with UNIDO, and had decided to put forward an outline of a UNIDO strategy paper, a copy of which would be distributed.

53. UNIDO should focus its technical cooperation activities on areas in which it had a comparative advantage over other agencies. Its activities should be based on strengthening industrial capacity and promoting investment in developing countries, and cleaner and sustainable industrial development. In both of those areas, UNIDO should be guided by the emerging interests and concerns of developing countries, which faced changing conditions in the areas of international trade and investment.

54. His delegation wished to continue consultations with other Member States and, taking their suggestions fully into account, seek a convergence of views that would lead to the Board's endorsement of the finalized UNIDO strategy paper. The Secretariat should facilitate those consultations by preparing, by the end of August 2002, a background paper that illustrated how the programmes would be affected by the UNIDO strategy

paper and how the Organization could respond to the issues addressed in the paper. His delegation hoped that its initiative would help to make UNIDO an even more effective and viable organization.

55. **Ms. RAMIS-PLUM** (France) welcomed the improvements in the operation and image of UNIDO. The Organization must continue to move forward while at the same time consolidating the progress made.

56. The impact of the integrated programmes continued to be hampered by inadequate funding. Finances should therefore be periodically re-evaluated so as to find imaginative solutions to the problem. France was the third largest contributor to the Organization's regular budget and had also recently made voluntary contributions to several activities. It had funded the programme for pollution reduction in gold mines in Ghana, and its share of unencumbered balances had been used to co-finance an integrated programme in the Lao People's Democratic Republic. France was also interested in strengthening bilateral and multilateral cooperation with UNIDO and was supporting, on a bilateral basis, a project in the Republic of Guinea for quality control of fishery products. In Algeria, UNIDO was due to implement the quality-related component of a French cooperation project designed to provide institutional support for economic development.

57. The Organization's commitment to regional development, particularly in Africa, was illustrated by the signing of an agreement with the West African Economic and Monetary Union, the inauguration of the UNIDO-Africa Investment Promotion Agency Network, the activities of the UNIDO Regional Industrial Development Centre in Lagos, the Organization's active participation in the Third United Nations Conference on the Least Developed Countries and its involvement in the New Partnership for African Development.

58. The International Conference on Financing for Development in Monterrey, Mexico, in which UNIDO had participated, had emphasized the need for a "globalization of solidarity" and laid the foundations for the forthcoming World Summit on Sustainable Development. It had also given the European Union countries, and France in particular, the opportunity to demonstrate their commitment to promoting sustainable development in the poorest countries. France would be following with interest the Organization's efforts to promote partnerships between public and private investors in the wake of the Monterrey Conference. It also welcomed the Organization's projects on sustainable energy and access to water.

59. The recent structural reform of UNIDO and the new Human Resources Management Framework should soon result in improved efficiency. The increased synergy between UNIDO Headquarters and the Investment and Technology Promotion Offices was also to be welcomed.

60. Rules regarding the use of the Organization's official languages and working languages should be respected. Some of the most important official documents were translated either late or not at all. While France encouraged reforms permitting budgetary savings and productivity gains, such reforms should not be used as a reason for departing from the established rules, at a time when technological advances were assisting the translation process. Cultural diversity was a precondition for genuine dialogue on development models.

61. **Mr. PAULINICH** (Peru) said that the format and content of the Annual Report reflected the progress made in 2001 in the Organization's transformation process. In that regard, he commended UNIDO activities to promote the industrial development of Peru, which took the form of diverse cooperation initiatives.

62. In February 2001, UNIDO had approved a project on the sustainable development of biodiversity as part of a plan to develop the border region between Peru and Ecuador. That had made it possible to conduct feasibility studies on alternative uses of biodiversity in the area of Loreto and north-east of the Marañón river in order to identify new opportunities for sustainable development for the benefit of the populations of those regions, and to contribute to the conservation of the flora and fauna and the ecosystem shared by Peru and Ecuador.

63. In 2001, the Government of Peru had signed a memorandum of understanding with UNIDO concerning Peru's participation in the Technology Foresight Programme for Latin America. The objective of the Programme was to establish a Latin American network that would ensure the effective exchange and dissemination of information, which would be made available to both the public and private sectors.

64. In November 2001, a seminar had been held in Lima under UNIDO auspices on biotechnology and food security. The seminar had provided an opportunity for experts from the Organization to meet with representatives of various Peruvian sectors and explain the advantages that UNIDO could offer as executing agency for GEF. The development of biotechnology and the strengthening of capacities to exploit the resources of countries with considerable biodiversity were essential, and UNIDO should continue its efforts in that area.

65. In January 2002, GEF had approved the necessary resources for the Peru-Chile project on the Integrated management of the Humboldt Current Large Marine Ecosystem. That was the first time that UNIDO, as

executing agency, was responsible for the joint technical and scientific implementation of a GEF project.

66. The Organization's primary role was to provide technical cooperation services. The guidelines contained in General Conference resolution GC.9/Res.2, entitled "Medium-term programme framework, 2002-2005", would enable UNIDO to adapt those activities and its other functions and priorities to new international economic developments and to promote cooperation initiatives.

67. It was important to promote South-South cooperation activities. Peru was in favour of horizontal cooperation with a thematic approach that took into account each country's comparative advantages. That would enable the developing countries to benefit from their own potential, particularly at the regional and subregional levels. UNIDO should consider the possibility of developing technical cooperation programmes at the subregional level that involved two or more countries, since that would help to cut implementation costs, develop economies of scale and promote comparative advantages.

68. **Mr. MOTTAGHI NEJAD** (Islamic Republic of Iran) said that UNIDO's technical cooperation programmes addressed different dimensions of sustainable industrial development. The most significant change in the Organization's programmatic activities had been the introduction of demand-driven integrated programmes based on the agreed service modules. While most countries had supported that initiative, additional political will and practical support were necessary to ensure the success of the programmes. Since it had not been possible to guarantee full funding for some national integrated programmes, integrated implementation with the desired synergetic impact had not materialized. Further consultations between all stakeholders would facilitate the smooth implementation of the programmes.

69. Growth in technical cooperation delivery in 2001 and the prospects for further improvement in 2002, as well as the positive trends in the collection rate for 2002 assessed contributions, and the agreement of a few Member States to settle their arrears through a payment plan, helped the Organization's financial situation. The improvements were the result of a transformation process that had been carried out in close consultation with Member States. The continuation of that process with the involvement of all Member States should increase the success of UNIDO activities.

70. The Organization should concentrate its efforts on the mobilization of additional funds to reinforce its technical efficiency in the field of science and technology. The promotion of South-South cooperation would further consolidate the Organization's position. Since UNIDO had experience in linking science and technology with industry, it had a leading role to play in coordinating and supporting the development agenda of the United Nations system, through interaction with global forum activities.

71. **Mr. V. G. GARCIA III** (Philippines) said that the Philippines supported UNIDO activities in the area of investment promotion and institutional capacity-building, particularly the development of SMEs. The major problem for SMEs the world over was the lack of finance in general and of equity in particular. UNIDO should expand the geographical coverage of its innovative approach in that field and strengthen its cooperation with private-sector equity funds to obtain adequate investment and technical support for the establishment of job-creating SMEs, particularly in rural areas.

72. UNIDO should broaden the scope of its sectoral support activities to cover other agro-industry sectors that utilized home-grown, renewable and environmentally sound resources. In the Philippines alone, there were numerous indigenous raw materials that could be promoted in different parts of the country and utilized for the production of export-oriented products. Statistics indicated that such products could significantly increase the Philippines' export earnings.

73. His delegation was pleased to note the Organization's increased cooperation with GEF and other organizations in the implementation of international environment-related conventions. Together with Slovakia, the Philippines was implementing a GEF-funded project on the use of non-combustion technologies for destroying persistent organic pollutants. UNIDO should explore the possibility of tapping the resources of GEF for designing and financing a project on ecotourism. As a country with much natural beauty, the Philippines believed that such an undertaking was one way to manage serious environmental concerns while at the same time creating jobs and contributing to economic growth.

74. His delegation took note of the Organization's in-depth analysis of the current situation of field offices and their contribution to technical cooperation delivery. In that regard, the Director-General should appoint a UNIDO resident representative to the Philippines as soon as possible; the post had been vacant since 1998. A UNIDO representative who had recently returned from a mission to the Philippines had noted that there were many prospective projects in the Philippines, the proper development of which required a full-time UNIDO representative. UNIDO was currently executing a project to enhance the delivery of services for the development of micro and small industrial enterprises in the marginalized sectors of Mindanao.

75. One yardstick of the Organization's success was the maintenance of sound financing. In that respect, his delegation welcomed the Organization's improved collection rate for assessed contributions and the reduction of some of its costs. It was also encouraged by the increasing level of voluntary contributions. UNIDO should strengthen its cooperation with other organizations of the United Nations system to increase fund mobilization. While the level of technical cooperation delivery had increased by 24 per cent in 2001 over the previous year, UNIDO should endeavour to improve that figure in order to ensure the effectiveness of its services.

76. **Mr. de GUZMAN** (Bolivia) said that the Annual Report described the various characteristics of the Organization's cooperation activities. In order to be effective and ensure more equitable economic growth, additional assistance would be necessary. Member States should work with UNIDO in a coordinated manner to ensure that the right to development became a reality for all.

77. The Government of Bolivia welcomed the Organization's participation in various international forums dealing with industrial development. The Industrial Development Forum organized by UNIDO in December 2001 had promoted a frank and constructive dialogue on various aspects of industrial development. The Forum had addressed issues that were of special interest to Bolivia, including the promotion and strengthening of technology transfer, which would contribute to the productive capacity of the developing countries.

78. With regard to environmental protection, his delegation considered that it was necessary to encourage the use of technologies that reduced the risk to the climate and promoted the integrated and sustainable use of natural resources. That implied the implementation of programmes and projects with appropriate technologies, and the diversification of production based on quality-control guidelines. UNIDO had valuable experience in that area.

79. His delegation welcomed the conclusion of agreements between GEF and the United Nations Environment Programme (UNEP) in the interests of coordinated cooperation.

80. The Government of Bolivia was very interested in the Organization's work in the field of human resources development. Human resources development was a real investment and its results could help to improve productive capacities and facilitate the development of new technologies.

81. During the period under review, UNIDO had strengthened its implementation of integrated programmes and had sought to ensure their sustainability and profitability. An integrated programme, covering such areas as cleaner production, waste management and pollution control, had been approved in 2001, and the competent authorities, in cooperation with UNIDO, were currently studying the measures needed to ensure the implementation of the programme as a whole.

82. **Mr. MAKKI** (Observer for Yemen) welcomed the Annual Report 2001 and said that the technical cooperation activities of UNIDO were particularly important for developing countries. It was therefore disappointing to note that the level of funds for technical cooperation had fallen in recent years. His delegation hoped that the Organization would do its utmost to mobilize more funds in the future.

83. Since 1995, Yemen had been implementing economic, financial and administrative reforms with a view to achieving economic stability. Its second five-year plan aimed to direct private-sector investment into the most promising areas of the economy, notably manufacturing and tourism, diversify the country's industrial base and employment possibilities, increase levels of income and expand exports. A privatization programme had been launched with the assistance of UNIDO. In addition, an investment code was being drawn up to help attract both local and foreign investment.

84. His delegation welcomed the Organization's integrated programmes, which were being implemented despite the shortage of funds. UNIDO assistance had enabled Yemen to strengthen its industrial capacity and thereby make progress towards eradicating poverty. Yemen had applied to join the World Trade Organization (WTO) and, in that context, hoped for the support of UNIDO, other organizations and donor countries in order to modernize its industrial sector, improve its growth rate, expand employment opportunities, stimulate small and medium enterprises and restructure the private sector.

85. **Mr. URRUELA** (Guatemala) said that the Annual Report provided a clear and objective description of the Organization's activities and the progress that had been achieved in the implementation of specific programmes to meet the particular needs of different developing countries.

86. The integrated programme for Guatemala had incorporated the concept of geographical regions, both for SMEs and for energy and environment. Two departmental offices had been opened, in Petén and Quezaltenango, to support SMEs, in addition to the Government's new offices in Guatemala City, which contained facilities for conducting training courses. Petén was a large, sparsely populated jungle region and

had difficulties in obtaining adequate supplies of electric energy and drinking water. Owing to its many Mayan archaeological sites, the region was a potential tourist area. The integrated programme had had an important impact in the region, since the local population had previously had little access to technology and information and few opportunities to engage in economic activities.

87. Another innovative component of the integrated programme was that it addressed the problem of technical barriers to trade and the need for means of ensuring effective quality control. A preliminary study conducted by UNIDO with Guatemalan companies that exported goods to North America indicated that tens of millions of dollars were being lost as result of non-tariff barriers. In the light of that situation, Guatemala had sought to find a quality component that would meet the specific requirements for gaining access to North American Free Trade Agreement (NAFTA) markets. Guatemala had concluded a free trade agreement with Mexico that had recently entered into force.

88. The Government of Guatemala had paid its assessed contribution to the Board for 2001in full, and was making preparations to pay its contribution for 2002. It also planned to make contributions to the Industrial Development Fund.

89. The success of the integrated programmes was directly linked to the availability of financial resources from voluntary contributions. His delegation reiterated its appeal to potential donors to contribute to those programmes in order to ensure their success in all the countries in which they were being implemented.

90. His delegation commended the regional and subregional approach that the Director-General had adopted with a view to involving UNIDO in efforts to meet the challenges of globalization, particularly with regard to market access and technical barriers to trade, coordinating efforts with such other agencies of the multilateral system as the International Trade Centre (ITC) and the World Trade Organization.

91. Since the adoption of the Marrakesh Agreements in 1994, the developing countries had received very little technical cooperation from the international agencies to enable them to meet the requirements of the Agreements. In that regard, his delegation commended the decision to establish a UNIDO office in Geneva, with an adequate level of resources to work towards those objectives and interact with other agencies with similar mandates.

92. **Mr. PRAYITNO** (Indonesia) said that the reform and restructuring of the Organization should serve as a means of enhancing technical cooperation delivery through greater efficiency, effectiveness and coordination among branches, ITPOs and field offices. That would enable UNIDO to become a more focused, relevant and capable organization. The reforms had provided the Organization with the necessary conditions for improving its technical cooperation activities.

93. His delegation noted with appreciation the improvement of the Organization's financial situation in 2001. The collection rate for assessed contributions had increased and voluntary contributions by Governments had risen. That encouraging development demonstrated Member States' commitment to the further strengthening of the Organization.

94. It was encouraging to note the positive developments with respect to technical cooperation approvals and delivery. Net project and programme approvals had increased from $76.9 million in 2000 to $85.6 million in 2001. Technical cooperation delivery had risen from $68.7 million in 2000 to $84.9 million in 2001. The Organization's delivery capacity had improved, and its activity in the formulation and development of country service frameworks was encouraging. Those efforts should be accompanied by a feasible funding strategy to ensure the effective implementation of country service frameworks.

95. His delegation was concerned at the inadequacy of funds to finance the implementation of the planned integrated programmes. Joint efforts—involving UNIDO, donor countries and recipient countries—to mobilize funds for those programmes should be strengthened. UNIDO's increased cooperation with other organizations and funds, as well as its activities under international protocols and conventions, was commendable. Such cooperation might help to mobilize funds for programme implementation.

96. The Organization's services and performance depended on the professional qualifications of its staff. The Secretariat should consider distributing vacancy announcements to Member States within a more reasonable period of time in order to enable States to find the best qualified candidates. Due regard should also be paid to the importance of recruiting staff on a wide and equitable geographical basis, without compromising professionalism.

97. The Organization's efforts to improve performance measurement and introduce a prototype "balanced scorecard" were encouraging. That initiative should be further developed in the light of UNIDO's experience.

98. In the current global economy, many developing countries and countries with economies in transition risked becoming marginalized. ITPOs should help to bridge the gap between the developed and developing countries through technology transfer and investment

promotion, which were essential for sustainable economic growth and poverty eradication. It was important to disseminate information to Member States regarding the role, objectives and opportunities offered by ITPOs. His delegation could support the proposed guidelines on ITPOs.

99. With regard to the International Conference on Financing for Development, his delegation appreciated the Organization's initiatives in the field of venture capital and enabling countries to participate in international trade by strengthening supply capacity. Such initiatives should be followed up. The Organization's active involvement in preparations for the World Summit on Sustainable Development was encouraging. UNIDO should continue its efforts to stress the importance of industrial development in the Preparatory Committee for the Summit. His delegation supported UNIDO's exploration of so-called "type II" initiatives focusing on such important sectors for sustainable industrial development as technology transfer, access to energy for sustainable development, cleaner production centres and corporate social responsibility.

100. **Mr. KANGAI** (Observer for Zimbabwe) welcomed the Organization's efforts to promote industrialization in developing countries and said that the financing of such efforts should not be negatively affected by the participation of UNIDO in global forum activities. The integrated programmes were a useful tool in industrialization efforts and were of particular importance to Africa. However, the funds raised for their implementation fell far short of the amount required. His delegation therefore thanked those Member States which had made voluntary contributions and urged all Member States to give their political, moral and financial support so that the integrated programmes could be implemented in full. New ways to enhance implementation should also be explored.

101. The Government of Zimbabwe appreciated the interest shown by UNIDO in the industrial development of Zimbabwe and had offered UNIDO the use of offices in the centre of Harare at the Government's expense. The offices might eventually be used as an industrial development laboratory for Southern Africa. The Organization's intervention in agro-industries in Zimbabwe was also appreciated, at a time when the Government was completing a Land Reform, Reclamation and Equitable Resettlement Programme.

102. **Mr. JENKINS** (United Kingdom) welcomed the Annual Report 2001 and the fact that it showed a recovery in the level of technical cooperation delivery. He also welcomed the progress of management reforms in the Organization, including the introduction of a prototype balanced scorecard, the development of a three-phase Human Resources Management Framework, the restructuring of the Secretariat and improvements in recruitment. Reform of the Organization's field network was rightly being treated as a priority. Improved communications and management processes would bring rewards without the need for additional resources. Selection and training of staff also played a key role.

103. As a relatively small player on the global development stage, UNIDO should focus its efforts on a small number of areas of intervention in which it had a "critical mass" of expertise and experience. In that context, his delegation welcomed the proposal of Japan for a UNIDO strategy paper. The notion of critical mass could also be used to identify existing areas of activity that might best be discontinued. One area in which UNIDO had a comparative advantage was standardization and quality control. The Director-General's recent initiative aimed at enabling developing countries to participate in international trade was to be welcomed. The United Kingdom authorities were finalizing a decision to contribute to the trust fund set up to underpin the initiative and he expressed the hope that other countries would also contribute.

104. Several agencies were active in the area of trade-related capacity-building. Inter-agency coordination was therefore essential in order to avoid duplication. The Organisation for Economic Cooperation and Development (OECD) and the World Trade Organization were creating a database of trade-related technical assistance options to support do[illegible] coordination. It was to be hoped that UNIDO would take due note of the assistance it could offer. His delegation also welcomed the close association of UNIDO with the Integrated Framework for Trade-Related Technical Assistance, including for Human and Institutional Capacity-Building, to Support Least Developed Countries in their Trade and Trade-Related Activities. He would like to know whether UNIDO had studied the "trade agendas" drawn up by some least developed countries and listing the most important trade-related technical assistance needs. The Organization should indicate, if it had not already done so, which of those needs it might help meet.

105. **Mr. SREENIVASAN** (India) said that the election of the Director-General to a second term of office had been a sign of support for the transformation of UNIDO into a more dynamic and responsive organization. The upward trend in the number of project approvals and the level of technical cooperation delivery were to be welcomed. The restructuring of the Organization and the focus on demand-driven integrated programmes were also a step in the right direction. The transformation had resulted in greater recognition of UNIDO as a global forum, which would in turn help the Organization's efforts to promote economic and social development in developing countries.

106. For a time, it had seemed as though the United Nations had no role to play in industrialization in developing countries, and UNIDO had been weakened by the withdrawal from it of certain important countries. However, there was a new realization that governmental and intergovernmental efforts could supplement and even correct the unbridled operation of market forces. UNIDO had carved out a niche for itself through its innovative approaches to sustainable development. The renewed interest in UNIDO of countries like the United Kingdom and Japan was to be welcomed. However, 20 States Members of the United Nations remained outside UNIDO, and his delegation urged the Director-General to establish contacts with those countries with a view to bringing them into the Organization. The ideal centre for such an effort would be New York. The Director-General might also wish to lead missions to certain capitals to discuss the benefits of membership. It would be useful for the Board to establish a target date for the Director-General to report on his efforts. The delegation of India had just circulated a draft decision on the subject for consideration by the Board.

107. The International Centre for Advancement in Manufacturing Technology (ICAMT) had been established by UNIDO and the Government of India. The pilot phase had been successfully completed and a three-year operational phase had been approved, to which the Government of India had agreed to contribute US$ 1.8 million. The Centre had initiated a number of sectoral projects, the number and geographical scope of which were likely to expand during the operational phase. The Centre's activities could be integrated with other UNIDO programmes so that appropriate manufacturing technologies could be transferred to other developing countries.

108. The Organization's public-private partnership programme in the automotive sector in India aimed to make domestic enterprises globally competitive. The programme was entering its second phase with the benefit of lessons learned during the first. If successful, the programme could be used as a model for other sectors in India and other countries.

109. The delegation of India welcomed the attention paid by UNIDO to environmental sustainability, which was reflected in the high number of approvals under the Montreal Protocol and the funding obtained from the Global Environment Facility. A UNIDO-Swiss project to promote cleaner production technologies was due to be implemented in India. A GEF project on coal bed methane recovery was also being implemented, but other GEF projects were yet to be taken up. The preparation of a Country Service Framework (CSF) for India was appreciated and the UNIDO country office in New Delhi had been upgraded to a Regional Office. The Regional Office would have a greater role to play in making the Framework a reality, for example by implementing programmes to promote the growth and competitiveness of small and medium enterprises.

110. The delegation of India welcomed the improved collection rate of assessed contributions and the large proportion of the 2002 appropriations initially allocated for regular budget implementation. Voluntary contributions, already increasing in number, were likely to flow faster with the success of the integrated programmes. India had paid its assessed contributions regularly and was also contributing voluntarily to the Industrial Development Fund. It encouraged other Member States to pay their assessed contributions regularly and, where applicable, settle their arrears.

111. UNIDO needed to implement its technical cooperation programmes effectively through competent management and greater decentralization to field offices in order to maintain its recent success and build on the good start already made in 2002.

112. **Mr. BERDENNIKOV** (Russian Federation) said that the Annual Report 2001 showed that the Organization was making progress with the reforms set out four years previously in the Business Plan on the Future Role and Functions of UNIDO. As a result of the reforms, UNIDO was playing a more visible role in the United Nations system, and its initiatives in the areas of the promotion of trade and technology transfer and of energy development had met with international approval. Its activities relating to energy and the improvement of access to export markets were important not only for developing countries but also for countries with economies in transition. The integrated programmes were proving to be an effective tool for delivering technical cooperation and making good use of the Organization's financial and human resources. The Secretariat should continue its work in that field.

113. Contacts between UNIDO and other United Nations system organizations and the Bretton Woods Institutions were being expanded in order to mobilize more resources. The Organization's cooperation with the private sector was particularly important. As part of the Global Compact initiative, a round table had taken place in Moscow in November 2001 with the participation of representatives of Russian business and leaders of international agencies, including the Director-General of UNIDO. A national coordinating committee had been set up in the Russian Federation to develop projects and programmes linked to the Global Compact. The Russian delegation also welcomed the Organization's support for small and medium enterprises, which it saw as a priority in the new programme of cooperation between the Russian Federation and UNIDO for 2002-2005.

114. Like other Member States, the Russian Federation welcomed the restructuring of the Secretariat, which

was aimed at improving programme management, coordination and accountability and developing the Organization's global forum function. It also supported proposals to expand the Organization's membership. With regard to the recruitment of managing directors, the main criterion was their level of professional competence; however, the principle of equitable geographical representation should also be taken into account.

115. **Mr. SAHINBAS** (Turkey) welcomed the process of reform in the Organization outlined in the Annual Report 2001, and the improvements it had yielded in technical cooperation delivery and financial and administrative efficiency. UNIDO should implement a new strategic vision with an emphasis on sustainable industrial development as the main instrument for reducing poverty in developing countries and countries with economies in transition. The integrated programmes provided an effective framework for achieving that aim. His delegation also welcomed the slimming-down of the service modules from 16 to eight and the plan to develop means of tracking the objectives of integrated programmes more efficiently. Another positive development was the improved delivery capacity of UNIDO, indicated by the upward trend of the technical cooperation leverage ratio. Realistic funding plans were crucial to the success of the integrated programmes. Global forum activities could also improve the ability of UNIDO to help developing countries in their quest for poverty alleviation and integration into the global economy. The Organization's participation in the Third United Nations Conference on the Least Developed Countries was an example of synergies between global forum and technical cooperation activities.

116. The funds for the regional programme to develop small and medium enterprises in Azerbaijan, Kyrgyzstan and Uzbekistan had been transferred to the Industrial Development Fund at the beginning of 2002. It was to be hoped that the preparations for the programme would be finalized by UNIDO shortly. The international workshop and study tour in the field of agro-industries had been held in January 2002 in Turkey with the financial support of UNIDO. The Government of Turkey was willing to continue to support integrated programmes in areas where it had expertise, particularly if UNIDO continued to provide financial support.

117. Turkey welcomed the recent strengthening of cooperation between UNIDO and the Black Sea Economic Cooperation Organization (BSEC), which was particularly important for the development of small and medium enterprises and investment promotion. A vibrant small and medium enterprise sector was essential for sustainable development and higher living standards. The increased cooperation could also accelerate the implementation of the relationship agreement between UNIDO and BSEC, which had been signed in 1997.

118. Environmental considerations should form an integral part of sustainable development. UNIDO played an important role in implementing the Montreal Protocol and cooperated effectively with GEF. Its efforts to promote energy efficiency and access for developing countries also deserved support. It had been given responsibility for a country-wide methyl bromide phase-out project in Turkey.

119. A technology foresight programme had been initiated in Turkey. Turkey also continued to co-finance the activities of the UNIDO Centre for Regional Industrial Cooperation and would appreciate more financial support from UNIDO Headquarters for the Centre's projects. Net approvals from UNDP core funds had fallen dramatically in recent years and greater efforts were therefore needed to mobilize non-core funds from multilateral and bilateral sources.

120. UNIDO had completed a challenging reform process and should now focus its activities on areas where it had comparative advantage and further enhance its work on sustainable development.

The meeting rose at 6.25 p.m.